

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 L-03 JUSE-00 COME-00 TRSE-00
FTC-01 CIAE-00 INR-07 NSAE-00 OES-07 DOE-12 SOE-01
SS-15 NSC-05 /072 R

DRAFTED BY EB/IFD/BP:TASCHLENKER:VJW
APPROVED BY EB/IFD/BP:HJWINTER
EUR/WE - EBEIGEL (SUBS)
L/EB - SBENSON (SUBS)
JUSTICE - DKAPLAN (SUBS)
-----119495 212226Z /72

P 212032Z DEC 77
FM SECSTATE WASHDC
TO AMEMBASSY PARIS PRIORITY

C O N F I D E N T I A L STATE 304006

PARIS ALSO FOR USOECD

E.O. 11652: GDS

TAGS: ETRD, FR, US

SUBJECT: ANTITRUST: JUSTICE INVESTIGATION OF INTERNATIONAL
OIL INDUSTRY

REF: A) PARIS 35767, B) PARIS 27940, C) SHENEFIELD/
MEYERSON CONVERSATION OF DECEMBER 14

1. PER REFTELS A AND B, DEPARTMENT HAS NO RECORD OF
FRENCH NOTE OF AUGUST 26 CONCERNING SUBJECT OF CABLE.
EMBASSY, HOWEVER, DID DELIVER A NOTE DATED AUGUST 23 ON
IDENTICAL SUBJECT; DEPARTMENT REPLIED IN NOTE DATED
OCTOBER 7 WHICH INADVERTENTLY WAS NOT SENT TO OUR EMBASSY.
FRENCH EMBASSY (CHENU) HAS CONFIRMED RECEIPT OF NOTE,
AS WELL AS HAVING CABLED CONTENTS TO PARIS. WE CAN ONLY
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CONCLUDE THAT CUVILLIER HAS MISSTATED DATE OF NOTE AND
THAT OUR REPLY HAS NOT YET BEEN BROUGHT TO HIS ATTENTION.

2. PER DECEMBER 14 CONVERSATION (REF C), TOM SCHLENKER
EXPLAINED THAT FRENCH EMBASSY OFFICIAL (CHENU) DISCUSSED
CONTENTS OF U.S. NOTE OF OCTOBER 7 WITH CHIEF OF REGULATED
INDUSTRIES SECTION OF THE ANTITRUST DIVISION (FLEXNER)

ON OCTOBER 14. PRESUMABLY, THE TEXT OF THIS CONVERSATION WAS ALSO RELAYED TO PARIS BY CHENU.

3. FYI, THE FOLLOWING IS TEXT OF DEPARTMENT REPLY OF OCTOBER 7 TO FRENCH EMBASSY NOTE OF AUGUST 23: QUOTE

-- THE DEPARTMENT OF STATE ACKNOWLEDGES RECEIPT OF THE NOTE DATED AUGUST 23, 1977, FROM THE FRENCH EMBASSY, CONCERNING THE SERVICE OF CIVIL INVESTIGATIVE DEMANDS (CIDS) BY THE DEPARTMENT OF JUSTICE TO COMPAGNIE FRANCAISE DES PETROLES (CFP) AS PART OF A CIVIL ANTITRUST INVESTIGATION OF PRIVATE COMPANIES PRODUCING AND MARKETING PETROLEUM FROM THE PERSIAN GULF AREA AND DOING BUSINESS IN THE UNITED STATES. IT REGRETS THAT IT WAS NOT POSSIBLE TO GIVE THE GOVERNMENT OF FRANCE MORE ADVANCE NOTICE OF THE SERVICE OF THE CIVIL INVESTIGATIVE DEMANDS.

-- IT SHOULD BE EMPHASIZED THAT THE UNITED STATES IS ONLY SEEKING TO INVESTIGATE POSSIBLE VIOLATIONS OF UNITED STATES LAW WHICH ALLEGEDLY RELATED TO THE PRODUCTION AND MARKETING OF CRUDE OIL WHICH IS IMPORTED INTO THE UNITED STATES, AND WHICH THEREFORE MAY HAVE DIRECTLY AFFECTED UNITED STATES COMMERCE. THE DEPARTMENT OF STATE IS INFORMED THAT THE INVESTIGATION IS CURRENTLY A CIVIL INVESTIGATION. IT IS NOT CONTEMPLATED AT THIS TIME THAT A GRAND JURY WILL BE CONVENED. WITH EXTREMELY RARE
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EXCEPTIONS, IN THE ALMOST TWO THOUSAND CIVIL INVESTIGATIVE DEMANDS WHICH HAVE BEEN ISSUED BY THE DEPARTMENT OF JUSTICE SINCE 1962, CONTROVERSIES OVER COMPLIANCE HAVE BEEN NEGOTIATED AND A SOLUTION REACHED WHICH IS ACCEPTABLE BOTH TO THE DEPARTMENT OF JUSTICE AND THE CID RECIPIENT. CID RECIPIENTS MAY BE REPRESENTED BY COUNSEL AT ALL STAGES OF THE PROCEEDINGS AND WOULD BE AFFORDED THE OPPORTUNITY TO PRESENT THEIR VIEWS TO THE ASSISTANT ATTORNEY GENERAL IN CHARGE OF THE ANTITRUST DIVISION OF THE DEPARTMENT OF JUSTICE BEFORE ANY DECISION WOULD BE TAKEN ON WHETHER TO INSTITUTE LEGAL PROCEEDINGS.

-- THE DEPARTMENT OF JUSTICE ALSO STRESSES THAT EVERYTHING POSSIBLE WILL BE DONE, CONSISTENT WITH ITS OBLIGATIONS TO CONDUCT A THOROUGH AND FAIR INVESTIGATION, TO MINIMIZE DISAGREEMENTS OR UNDUE BURDENS, AND TO PROCEED ON A COOPERATIVE BASIS WITH THE FIRMS RECEIVING CIDS. IT SHOULD BE NOTED, IN FACT, THE DEPARTMENT OF JUSTICE HAS INDICATED THAT IT IS WILLING TO DISCUSS WITH CFP VOLUNTARY SUBMISSION OF INFORMATION.

-- THE FOLLOWING IS FURTHER BACKGROUND TO THE PERSIAN

GULF PETROLEUM ANTITRUST INVESTIGATION:

-- SINCE 1970 THE UNITED STATES HAS IMPORTED INCREASING QUANTITIES OF CRUDE OIL FROM PERSIAN GULF PRODUCING STATES. EIGHT PRIVATE COMPANIES HAVE DURING THIS PERIOD CONTROLLED THE PRODUCTION AND MARKETING OF PERSIAN GULF CRUDE OIL AND, TO THE EXTENT THAT PERSIAN GULF CRUDE OIL IS STILL PRODUCED AND MARKETED THROUGH PRIVATE COMPANIES, THEY CONTINUE TO DO SO. AMONG THESE COMPANIES IS CFP. CFP PRODUCES AND SELLS SUBSTANTIAL QUANTITIES OF PERSIAN GULF CRUDE OIL WHICH IS EVENTUALLY IMPORTED INTO THE UNITED STATES.

-- THESE EIGHT INTERNATIONAL OIL FIRMS ARE COMPETITORS.
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AGREEMENTS AMONG PRIVATE FIRMS WHICH UNREASONABLY RESTRAIN FREE TRADE IN THE IMPORTATION OF CRUDE OIL INTO THE UNITED STATES, BY FIXING PRICES OR LIMITING SUPPLIES, WOULD VIOLATE U.S. ANTITRUST LAWS. IT HAS COME TO THE ATTENTION OF THE DEPARTMENT OF JUSTICE THAT VARIOUS INTERNATIONAL OIL COMPANIES MAY HAVE ENTERED INTO SUCH AGREEMENTS DURING THE PAST SEVERAL YEARS. THE PURPOSE OF THE DEPARTMENT OF JUSTICE'S INVESTIGATION IS THEREFORE TO DETERMINE WHETHER ANY PRIVATE INTERNATIONAL OIL COMPANIES ENTERED INTO AGREEMENTS TO CONTROL THE PRICE OR SUPPLY OF CRUDE OIL IMPORTED INTO THE UNITED STATES. THE DEPARTMENT OF JUSTICE BELIEVES THAT WHILE IT HAS A FIRM BASIS FOR CONDUCTING THIS INVESTIGATION, IT HAS IN NO WAY PREJUDGED THE RESULTS.

-- THE DEPARTMENT OF JUSTICE IS NOT SEEKING TO INVESTIGATE THE CONDUCT OF SOVEREIGN STATES OR THEIR STATE-OPERATED OIL COMPANIES. NOR IS THE INVESTIGATION DIRECTED AT THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES (OPEC) OR ITS PRICE AND SUPPLY POLICIES. THE INVESTIGATION ALSO DOES NOT FOCUS ON THE 1973 ARAB OIL EMBARGO BY OIL EXPORTERS. RATHER, THE INVESTIGATION IS DIRECTED TOWARD POSSIBLE CONDUCT IN VIOLATION OF UNITED STATES LAW BY PRIVATE COMMERCIAL COMPANIES WHICH WAS NOT COMPELLED BY FOREIGN LAW AND, IF IT IS FOUND TO HAVE OCCURRED, TO SEEK TO PREVENT SUCH CONDUCT IN THE FUTURE.

-- FINALLY, THE INVESTIGATION FOCUSES ONLY ON THE INDEPENDENT COMMERCIAL ACTIVITIES OF THE FIRMS INVOLVED. THE UNITED STATES DOES NOT SEEK TO PROCEED AGAINST ACTIVITIES UNDERTAKEN IN FOREIGN COUNTRIES IN RESPONSE TO THE DIRECTIVES OF THE GOVERNMENTS OF SUCH COUNTRIES IN WHICH THE FIRM OPERATES. END QUOTE VANCE
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Message Attributes

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Control Number: n/a
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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